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UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

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P R E S S D I G E S T

A Sample of Newspaper Stories and Comment Regarding the
Rural Electrification and Rural Telephone Programs

ELECTRIFICATION

MAY HAVE TO RATION POWER
IN SOME AREAS, CHAPMAN SAYS

New York Herald Tribune
October 20, 1950

Washington UP dispatch - The new Defense Power Administration urged 30 utility industry leaders to expand operations to stave off potential power shortages for defense. Interior Secretary Chapman told the new Electric Utilities Defense Advisory Council at its first meeting that the "very large" expansion plans under way are still inadequate. He added it may even be necessary to ration power in some areas. At the same meeting, D. M. Marlett, Acting Deputy Defense Power Administrator, asserted that even though the electric industry has increased its capacity 50 percent since World War II, still the Pacific Northwest and the Southwest do not have enough power for normal operations.

INDUSTRY SEES "AMPLE SUPPLY"

New York Times
October 25, 1950

The nation was assured yesterday that the supply of electricity is plentiful and will be even "if we are faced by a five-year period of intensive war effort." Louis V. Sutton, President of the Edison Electric Institute, charged that the present emergency is being used to promote government power plants. The findings of the 8th Semi-Annual Survey of the EEI were disclosed at a recent meeting of the industry in New York. It was announced on this occasion that during the six months beginning April 1 the industry ordered 8,600,000 kilowatts of new equipment. The manufacturers have already delivered 4,000,000 kilowatts and plan to deliver 2,000,000 more by the end of the year. Mr. Sutton flouted mention of "brownouts" with a barrage of statistics. He told reporters that by the end of a four-year kilowatt installation program this year, the electric industry will have added 20,000,000 kilowatts. This is equal to about 50 percent of the total generating capability of ten years ago. If our economy continues on a semi-mobilized basis and projected growth of generating facilities is realized, the EEI survey indicated that the reserve margin will be 20 percent in 1953.

ELECTRIC UTILITIES MEN DENY
DANGER OF POWER SHORTAGE

Wall Street Journal
October 26, 1950

Utility leaders say "power shortage" talk is based on a miscalculation. They claim that government public power friends superimpose potential defense needs on current civilian power consumption. Such reasoning, declare the power leaders, makes it appear that the utilities' expansion programs are inadequate. Furthermore, utility men say that while total electric power use climbed sharply during World War II, consumption for civilian needs, including industry and household, dropped 50 percent from pre-war. How much power is needed to achieve Symington's goal of expanding aluminum production of 2 billion pounds over the next three years? Public power friends make it sound like an awful lot, but utility men contend that it would require only a tenth of new power capacities added by the industry this year alone.

RURAL TELEPHONES AND
ELECTRIFICATION

American Farm Bureau Federation
Official News Letter
December 25, 1950

Rural electric service is essential to a productive agriculture. It is daily doing more work and making more favorable working and living conditions for farm people. The disparity between rural living conditions and urban living conditions is fast disappearing. As a matter of fact, rural living conditions are fast becoming the more attractive. Also, "the use of electric power is reducing costs and providing means for greater production on farms;" both are a means to a higher net farm income.

With a national emergency again confronting this Nation, additional demands will be made for available electrical power. So that food and fiber can be efficiently produced during times of manpower shortages, it becomes necessary for farmers to have assurance of adequate, reliable, and low-cost power. Prolonged or frequent power shortages on rural lines are disastrous to farm production and extremely costly to farmers. We urge that appropriate steps be taken to assure farm people of adequate electric power and reliable service thorough sound and economical developments.

Existing utilities in many instances can supply generating facilities and high-voltage transmission lines most economically. We urge private utilities to take the steps necessary to meet the needs of farm people for electrical energy. If, however, the facilities of private utilities are not expanded to meet the increased requirements, or if such energy is not available on terms equivalent to or less than those which can be provided by Rural Electrification Administration plants and without limitations on the amount of energy for farm use, it will be

necessary to use more of the funds which are appropriated to the REA to enable that agency to furnish the facilities and services farmers need. We will oppose any efforts to change the present law which makes this possible.

Investment as a result of participation is an essential part of any cooperative undertaking. We urge that members of rural electrification and rural telephone cooperatives receive credit for equities which result from their contributions as participants, and that these projects become the property of the members when the loans are repaid.

The importance of electric and communications services to farmers is greatly increased in national emergencies. When our Nation is involved in grave situations like these currently existing, it is all the more essential that such services be efficiently maintained and expanded. "Adequate quantities of needed materials must be available if this is to be done."

There are many rural areas in America that are presently without telephone service, and many without adequate service. The lack of service in many instances has been due to past unsound and uneconomic enterprises. Service in these areas can be provided, on an enduring basis, only when the project has assurance that the people in the area will support it on a sound economic basis.

MISSOURI BASIN POWER DEMAND MAY
REACH 44 BILLION KILOWATT-HOURS
BY 1970

Federal Power Commission
Release 5063
October 30, 1950

Total power requirements of the Missouri River Basin likely will reach between 44 and 45 billion kilowatt-hours in 1970, about triple the 1946 total, according to the "Power Market Survey, Missouri River Basin," recently released by Federal Power Commission. This study is based on all or major parts of Kansas, Missouri, Iowa, Montana, Nebraska, North and South Dakota, and Wyoming - and lesser parts of Colorado and Minnesota. It is estimated that about 6,700,000 kilowatts of additional capacity will be needed by 1970. Farm use in 1946 was about 450 million kwh and is expected to increase to more than 4 billion kwh in 1970, or nine times the 1946 use. Electric energy sales to farms are expected to grow faster than any other group.

THE CORN BELT NEW STEAM
PLANT IS FORMALLY OPENED

Editorial in The Humboldt Republican
Humboldt, Iowa
October 6, 1950

The opening of the new steam plant of the Corn Belt Power Cooperative in Humboldt next week marks the beginning of an era in

supplying electricity to farmers in north central Iowa. Designed as a two-unit electricity-producing plant, the increased load demand forced the addition of a third and a fourth unit. It was anticipated that house lights, yard lights, and a couple of motors would be the extent of the rural use of electricity. But once such power came to the farm housewife, she demanded ALL of the city conveniences - electric stoves, refrigerators, deep freezes, radios, water heaters, irons, etc. This load increase was so great that the lines had to be cut off at stated intervals so that other more important lines might be given power. The new steam plant at Humboldt was built in answer to this demand - and it can be expanded still more if increasing usage warrants.

SYSTEM IS APPROACHED FOR POWER Rural Electrification
SUPPLY BY OKLAHOMA UTILITY November 1950

The Public Service Company of Oklahoma is making an effort to gain use of REA-financed power to supply the southwestern part of that state. This plan was revealed in a letter of August 12 from the President of Public Service Company to the President of the Western Electric Cooperative at Hollis, Oklahoma. Briefly, it was proposed that either the co-op build a 60,000 kw unit and the commercial company would contract for half or all of the power from it and also take over the co-op Southwestern Power Administration contract or the commercial company would build the new unit and contract with the co-op for its electric requirements. Further the letter states that the two groups would be mutually helped by working out an arrangement for supplying steam power in the southwestern part of the state. Rural electric leaders believe the move "gives the lie" to commercial power company claims that adequate wholesale power exists in the southwest. This same power company heretofore had bitterly fought the Western Electric Co-op plant as a waste of funds.

CO-OP. UTILITY ARGUE QUESTION OF SERVICE TO AREA ANNEXED TO TOWN Public Power
November 1950

Who shall serve a territory annexed to a town of over 2500 population? This question was argued last month before the Arkansas Public Service Commission. Gray's Addition, previously served by the Farmers Electric Co-op, had been annexed to Newport. Then Arkansas Power & Light Company which served Newport, felt that it should serve the new addition also. The lawyer for Arkansas Power & Light contended that the franchise of a private utility to serve a city "followed the corporate limits," and that when an area is annexed, "it is illegal for the REA to serve the area." Attorney for the co-op argued since the co-op took "The bad with the good," it should not now be robbed of the thickly settled area which enabled it to serve farmers in the more thinly settled parts of the county. The outcome is expected to set a precedent that will apply to several other areas in the state.

POWER FIRM APPEALS TRIMFOOT
DECISION

Arkansas REA New
December 1950

The Arkansas Public Service Commission handed down a ruling on November 9 permitting cooperatives to retain territory developed by them but later annexed to a municipality. The Arkansas Power & Light Company and the Trimfoot Shoe Company have filed application for a rehearing of the ruling which is a prelude to an appeal to the courts by the private utilities. Farmers Electric Cooperative of Newport won the first round of its battle to serve the Trimfoot Company in the November 9 ruling.

GROUP NAMED TO STUDY NEW
ENGLAND RESOURCES

Electrical World
October 23, 1950

President Truman has ordered six Federal agencies to make a comprehensive study of New England and New York resources. The Department of the Army is chairman of the committee and the other agencies are: Interior, Agriculture, Commerce, Federal Power Commission, and the Federal Security Agency. In addition the President has asked the governors of the six New England states and New York to name official representatives to cooperate in the study. The committee's job is to initiate a survey of the resources of that region and prepare "recommendations for the development, utilization and conservation of those resources." Heading the list of resources for study was electric power generation and transmission.

ELECTRIC CO-OP PLANS

Editorial in The Burlington Free Press
Burlington, Vermont
November 3, 1950

The report of the Northeastern Association of Electric Cooperatives in Montpelier doesn't make clear whether the City of Burlington made a proposal to the co-ops about combining with them to build a steam generating plant or whether that was the co-ops' idea. We can foresee complications in the attempt to tie in Burlington's need for electric power with that of rural areas in northern Vermont. The Burlington locality will need an increasing amount of power during the next 10 years but in providing for it the city doesn't want to get involved with limitations of use which might be a later handicap. We need firm power and plenty of it.

CO-OP MANAGER ASKS WHY ELECTRIC
RATES ARE SO HIGH IN VERMONT

Public Power
November 1950

How do power companies in Vermont justify such high electric rates in this state - is what W. N. Cook wants to know. In a letter to his members, Mr. Cook, Manager of the Vermont Electric Cooperative at Johnson, points out that in the State of Washington where about 98 percent of the electricity is produced by water

power, the City of Tacoma sells 500 kwh for around \$5 whereas the same amount of energy costs \$15 in Vermont. Cook referred to a Federal Power Commission report which shows that in Vermont about 95 percent of the electrical power is produced by water. "Why then," he asks, "do we pay almost twice as much as Washington people for 250 kwh of electricity?" This question, he declared, the private utilities can't answer.

BOND HOUSE CALLS RURAL ELECTRICS
BOON TO NATION'S PRIVATE UTILITIES

Ted F. Berry (Editor, Grange News)
Rural Electrification
October 1950

Rural electric co-ops are actually a help to private utilities, - was one of the conclusions reached in UTILITIES, a brochure issued by Merrill Lynch, Pierce, Fenner and Beane of New York City. "At their worst, electric cooperatives limit private power companies. At their best they add to the demand for private power." The brochure points out that stockholders have always received fair prices whenever a private utility has been sold to a public agency. One of the "sore points" just now is the Pacific Northwest, mainly the State of Washington, where the people have always been public power minded. In the South, utility presidents complain now and then about unfair competition from rural co-ops. As a rule, however, the cooperatives take no business away from private power. Rather they add to it.

REA VOLTAGE CHANGE

Qualified Contractor
October 1950

To meet the heavy load on rural lines - and the long distances required to serve farms in some areas - REA has adopted experimentally 24.9/14.4 kv as a distribution voltage in addition to the standard 12.47/7.2 kv. In making this announcement, J. K. O'Shaughnessey, Chief of the REA Engineering Division, acknowledged that REA had underestimated farm electric demand. Instead of an average rural consumption of 100 kwh a month, the average rose to as much as 400 kwh and more a month. The REA official said temporary expedients such as voltage regulators, increasing the number of phases and size of conductors have a limit, and that increasing the distribution voltage is the only sound approach.

TELEPHONES

KEYS TO SMALL COMPANY SURVIVAL

Editorial in
Fortnightly Telephone Engineer
November 1, 1950

For years thousands of small independent telephone companies have been supplying telephone service to small communities and rural areas all over the country. In 1942 there were about 5000 such companies but by the end of 1949 there were only

around 4000 operating less than 250 telephones per company. These small organizations could not sell their services at high enough rates to meet rapidly rising costs with so few subscribers - so they went out of business. "Now there is additional pressure on the small commercial independent companies - that of REA co-ops that will be organized in many of these territories unless the existing commercial company can supply modernized service as well as meet public demand for more telephones."

WASHINGTON BUREAU REPORTS

Telephone Engineer & Management
November 1950

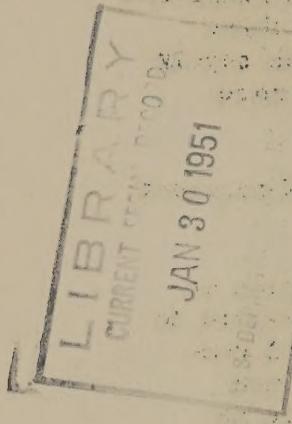
The REA will continue to base its farm telephone program on area coverage and feasibility of the loans, without regard to whether prospective borrowers are co-ops or commercial companies, REA Deputy Administrator George Haggard informed Telecommunications Reports. He declared there will be no change in the agency's policy on loans at the end of the one-year preference period for suppliers of existing telephone service. Regarding the four large loans approved to cooperatives just before the end of the first year of operation, Mr. Haggard said there were no competing applications.

Loans to new telephone co-ops have been large, he said, because, (1) the organizations are starting from scratch, and, (2) generally they cover large and "thin" areas. He called attention to the largest telephone loan yet made, \$1,837,000, to the Polka-Lambro Co-op, Tahoka, Texas. This co-op, he explained, was set up on a large-scale basis because it followed the lines of an existing electric co-op; also because large membership reduces overhead. REA tries, Mr. Haggard added, to keep the co-ops down in size as it feels that makes for more democratic participation in co-op affairs.

Since current loan applications from commercial companies far outnumber those from cooperatives, Mr. Haggard believes future loan approvals will follow the same ratio. He pointed out that the first loan in the second year of RTA was made to a commercial company - Marquette & Adams Telephone Company of Oxford, Wisconsin.

The Deputy Administrator referred to the agreement reached between the Eastern New Mexico Rural Telephone Co-op of Clovis, New Mexico, and the Mountain States Telephone & Telegraph Company as a landmark in the new program. A question had arisen as to which organization should serve a particular region. Through negotiation new boundaries were set, the Clovis exchange established two unattended dial offices within the area in question and the Mountain States provided operator assistance.

Currently, Mr. Haggard said, the REA informs its electric borrowers of the defense picture and its effect on them, and will follow the same policy with its telephone borrowers.



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